



# Legislative Review Committee

Department of Cultural Resources (DCR)

Secretary Susan Kluttz  
Karin Cochran – Chief Deputy  
Secretary

March 20, 2014

# Agenda

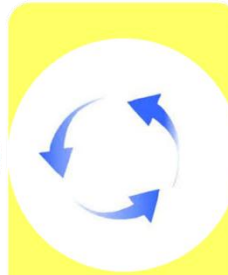
Dept. of Cultural  
Resources (DCR)  
Refresher

Private Public  
Partnership (PPP)  
defined

Detailed Example:  
NCMA



Leadership



Lifecycle



Latitude



# Started in 1971– The Department of Cultural Resources (DCR) Created by GS 143B-Article 2

## Vision

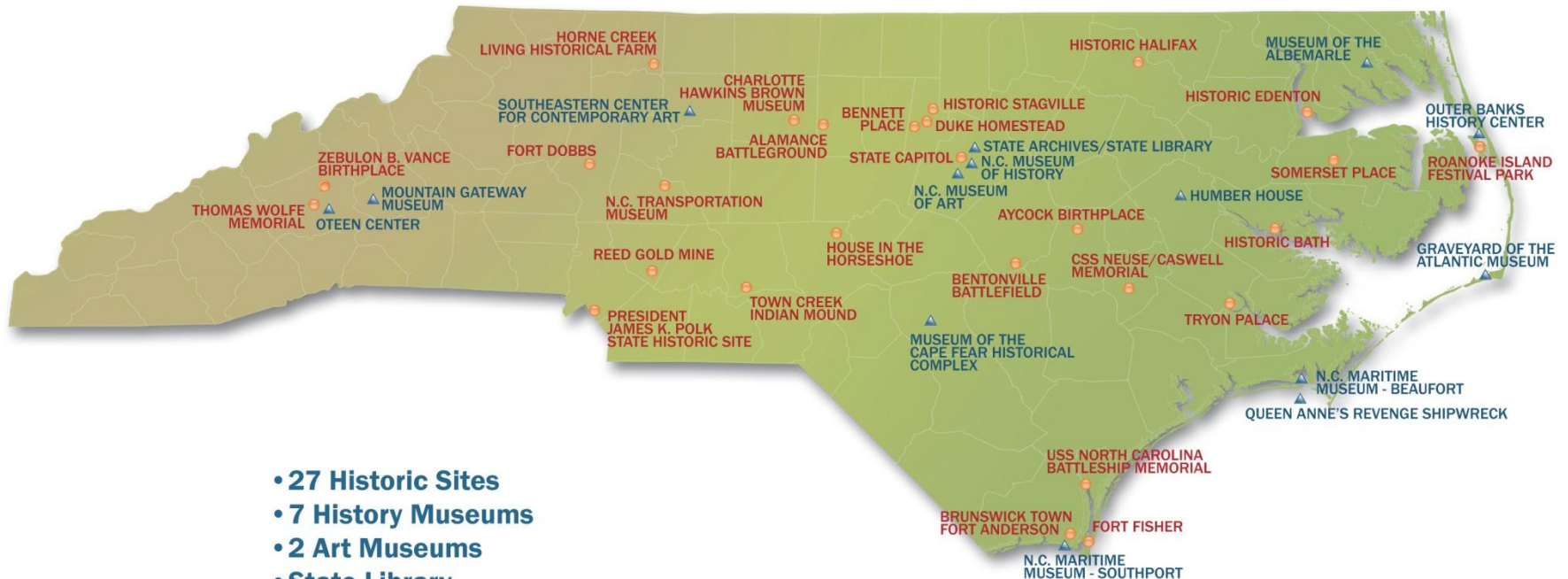
- To be the **leader** in using the state's cultural resources to build the **social, cultural, educational** and **economic** future of North Carolina.

## Mission

- To **enrich lives** and communities, creating opportunities to experience excellence in the arts, history, and libraries in North Carolina that will **spark creativity, stimulate learning, preserve the state's history, and promote the economy.**



# Cultural Resources Historic Sites, Museums and Archives



- 27 Historic Sites
- 7 History Museums
- 2 Art Museums
- State Library
- State Archives

- Historic Sites
- ▲ Museums and Archives



NORTH CAROLINA  
DEPARTMENT OF  
**CULTURAL  
RESOURCES**



# State appropriations are necessary, but DCR also relies on private partnerships to promote History, Arts and the Library

## History

## Arts

## Library

### State Team

- 714 Employees
- \$63.7 million
- (.3% of NC State Budget)
- \$24M for the LRC study
- 354 Buildings
- Over 5K acreage
- Over \$309M assets

### State manages Partnerships

- 36 Non Profits
- 24 Boards
- 11,000 Volunteers
- 174,000 Hours

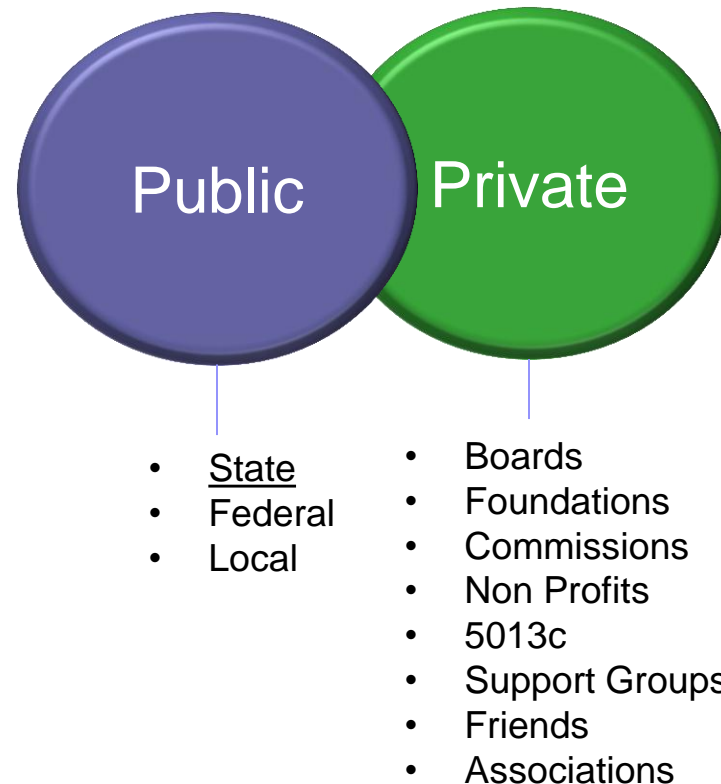
### Private contribution

- \$3.7 M volunteer time
- Over \$25 M in Earned Income and Support

For Sites and Museums, DCR receives \$24M in state appropriation and raises more than \$25M for these entities a year

# Public Private Partnerships (PPP) exist to financially support public sites, museums and programs

- Public Private Partnership: Government service or private business venture which is funded and operated through a partnership of government and one or more private sector entities (Wikipedia)



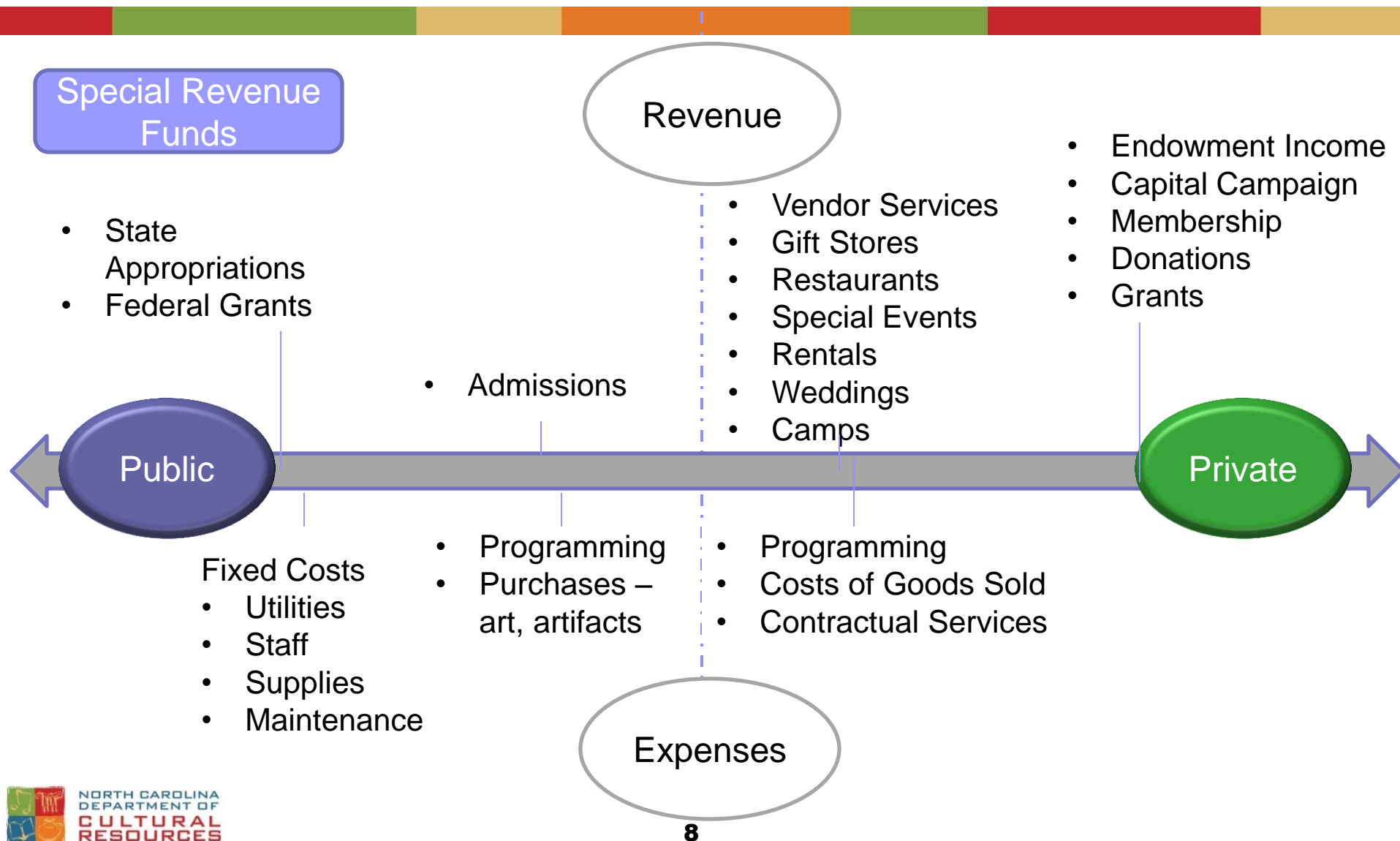
# PPP's are very attractive to provide financial support but it's critical to manage the added responsibilities in managing the relationship

1. Financial Support - \$\$\$
2. Volunteer Leadership and Support
3. Efficiencies
  - Flexibility in delivery of services
  - Versatile procurement options
  - Entrepreneurial spirit – incentives



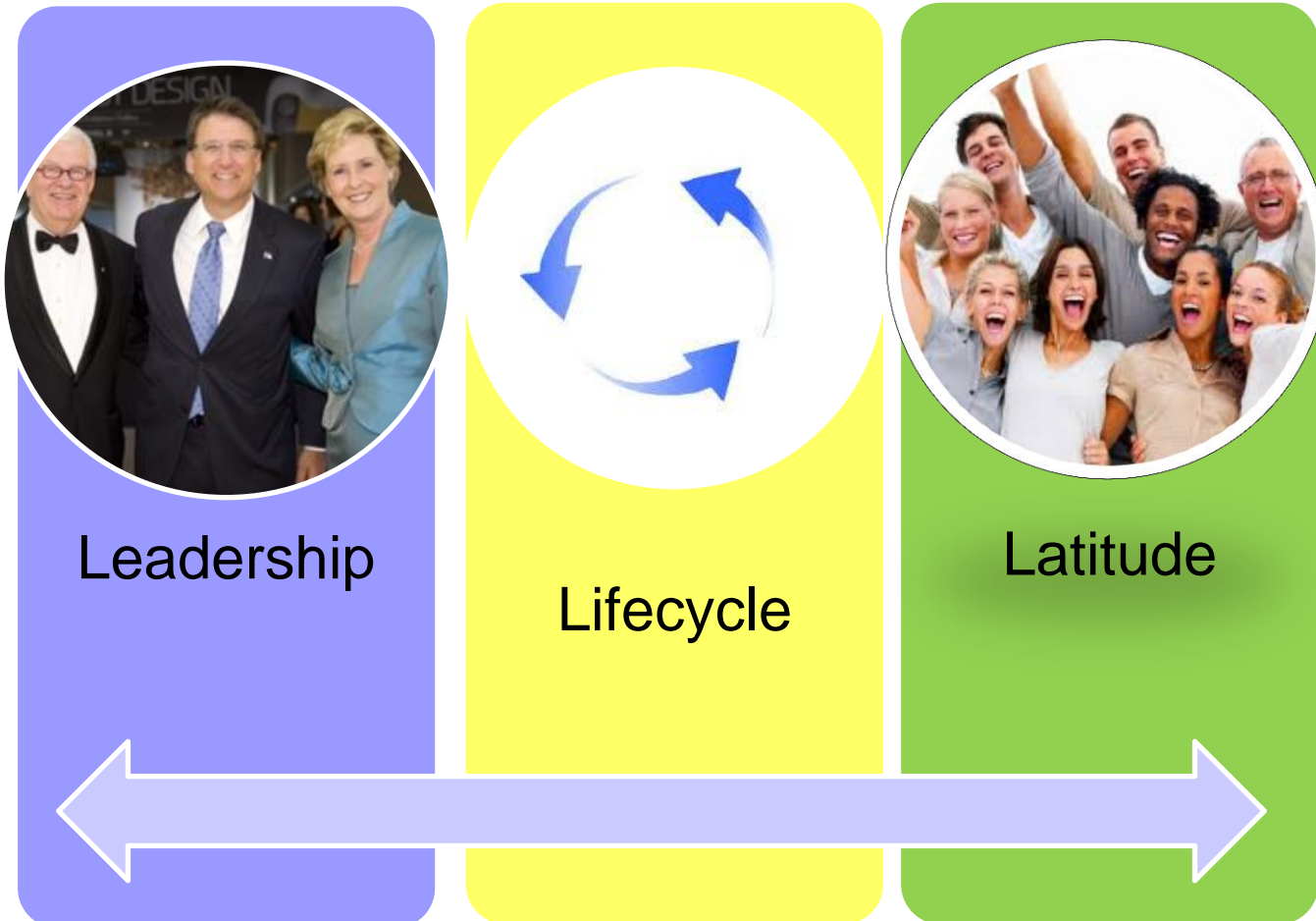
1. Loss of some control
2. Increased responsibilities in managing relationships and rules
3. Requires transparency of financials to project future budgetary goals

# DCR is growing in its ability to offer earned income opportunities and collaboration with private entities to support the sites

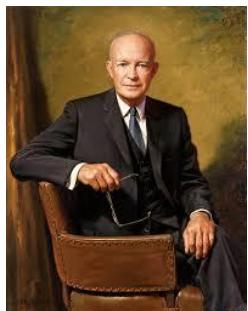




# “Lessons Learned” with PPPs include the importance of leadership, acknowledgment of the life cycle and yet the need for some latitude



# Leadership is a key factor in the success of a Public Private Partnership as it is in any organization, team or company



*“Leadership is the art of getting someone else to do something you want done because he wants to do it.” Dwight D. Eisenhower*

## **Critical Leadership Factors**

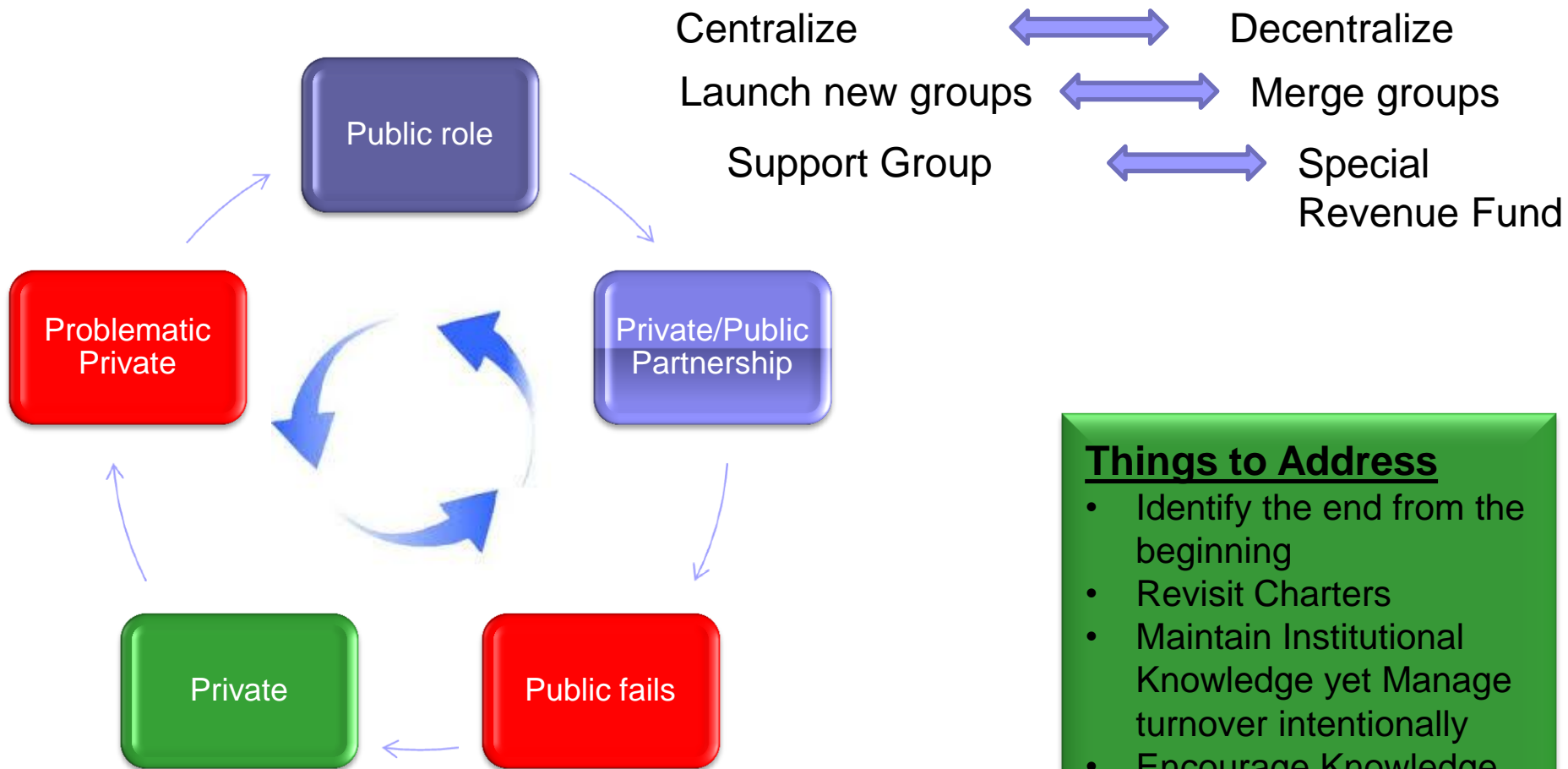
1. Institutional Leadership
2. Unified Vision and Mission
3. Governance
  - Defined Roles and Responsibilities
  - Policies and Procedures
  - MOA – tool for accountability
4. Teamwork and Collaborative Culture
5. Effective Communications



## **Things to Avoid**

1. Competing Leaders
2. Mission creep
3. Ineffective contracts
4. Undefined accountability and roles
5. Redundancies
6. Lack of transparency
7. Entitlement

# There is a Lifecycle for private support groups that is inevitable over time and it's important to allow for positive change



## Things to Address

- Identify the end from the beginning
- Revisit Charters
- Maintain Institutional Knowledge yet Manage turnover intentionally
- Encourage Knowledge Transfer
- Allow for Change

# It's important to allow a small latitude, or freedom for individuality within each group due to internal and external factors

## External Factors

- Market Dynamics
- Competition
- Disasters
- Location
- Economic Atmosphere
- Legislative Environment
- Legal Environment



## Internal Factors

- Habits
- Resources
- Turnover
- Personalities
- Inherited Governance
- Original Charter



## Things to Achieve

- Consistency when possible
- Efficient and Effective Decision Making
- Change Management
- Maximization of internal and external factors
- Productive competitiveness
- Risk Management

# DCR is not new to Public Private Partnerships with the first in 1900 and the newest formed in November, 2013

## OLDEST 1900



- Formed in 1900 – “Lit and His” to foster interest in literature and history of North Carolina and to raise the cultural sights of NC citizens
- In 1903, “Lit and His” passed a resolution that encouraged the legislature to establish the Historical Commission which became the policy making body over the office of Archives and History
- Lit and His later established spinoffs such as the Folklore Society (formed in 1913), the Art Society (1923), and the Archaeological Society (1939)
- Currently has 330 members

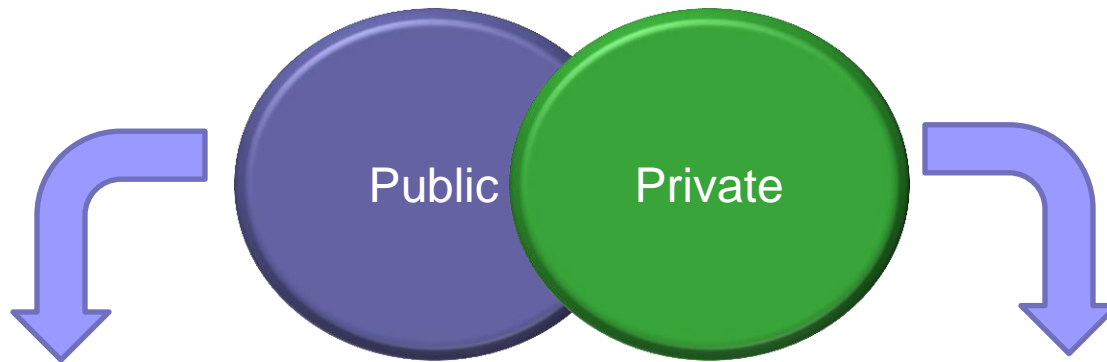
## NEWEST 2013



- Formed to foster and promote the growth and progress of the North Carolina Arts Council’s mission.
- Focus on using arts to improve quality of life within North Carolina
- Formed on November 27, 2013 so has not begun formal fundraising
- 7 Board members



# DCR recognizes a cultural difference among a traditional state/public mindset relative to support groups and foundations

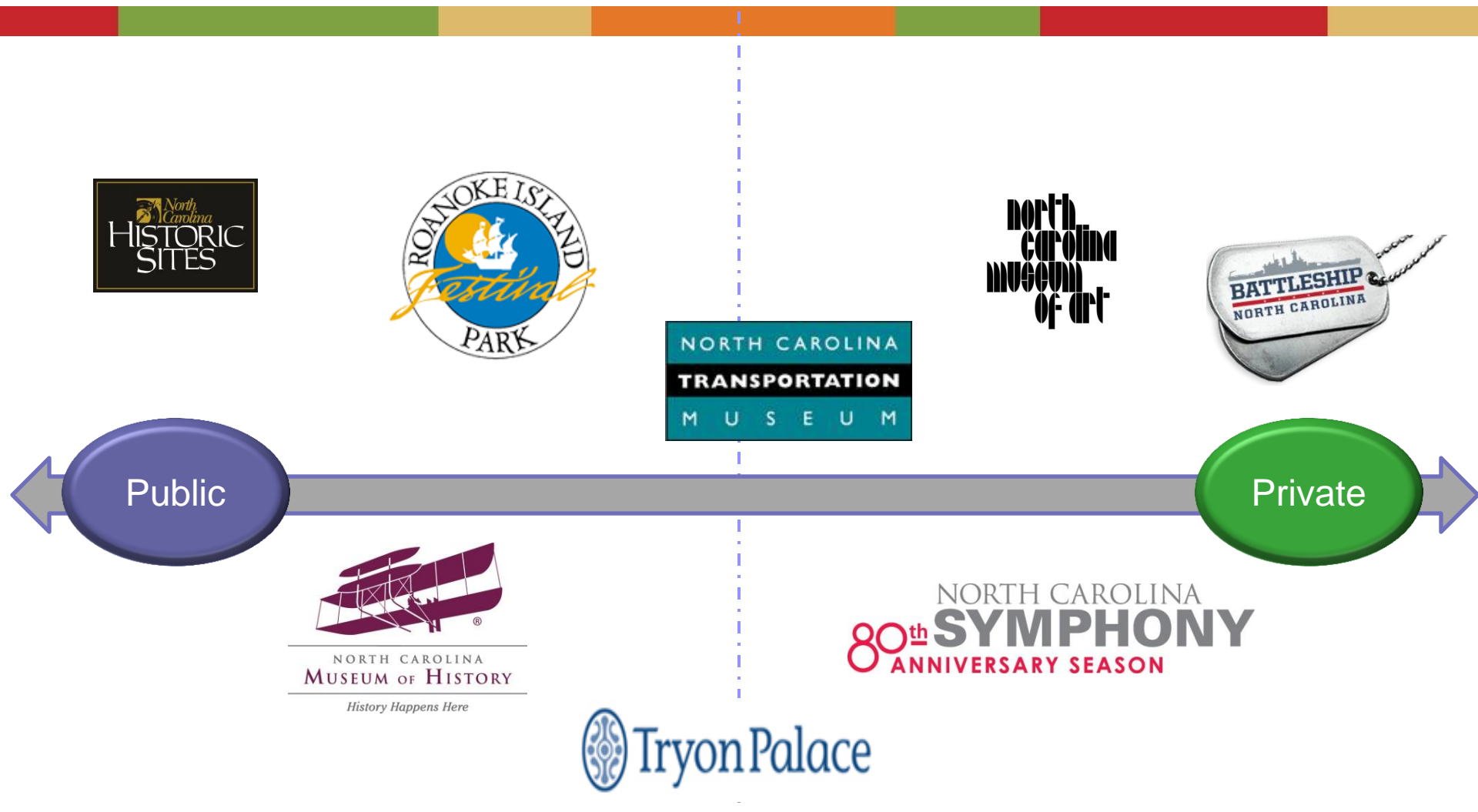


- Public Service driven
- Passion for history, arts, libraries
- Preservation minded
- Programming for education

- Earned Income focused
- Entrepreneurial Spirit
- Enhancement offerings
- Educational appeal



# The level of a PPP varies across DCR entities based on leadership, life cycle, and latitude of internal and external factors



# For example, the governance across the large historic sites within DCR varies with Commissions and Foundations involved



Governing Body	USS NC Battleship Commission	Roanoke Island Commission	DCR	DCR
Partnership	DCR	DCR	Tryon Palace Commission	NCTM Foundation
Support Group	Friends of the Battleship	Friends of the Queen Elizabeth II	Tryon Palace Foundation	

Complexity of relationships require attention in order to manage roles and responsibilities, accountability, transparency, effort and to build trust

# North Carolina Museum of History 's (NCMOH) governance model includes a Historic Commission, Foundation and Association



NORTH CAROLINA  
MUSEUM OF HISTORY  
*History Happens Here*

Definition	Title	Role
Governing Body	NC Historical Commission	Oversees artifact acquisitions, loans and deaccessions
Partnership	DCR  DOA	Leadership; Owns artifact collection; Staffing; Pays majority of operational costs, except costs for exhibits and programs, including 76 FTEs at facility. DOA owns facility, handles utilities
Support Group	NC Museum of History Foundation	Leadership; Fund Raising and Earned Income; Funding Educational programming, Exhibits and special events; 1 FTE
Additional Support Group	North Carolina Museum of History Associates	Leadership; Membership organization of museum, manages museum shop and handles exhibit openings and special fund raising events. Holds Museum day events across state to promote museum. 6 FTE, 3 PTE

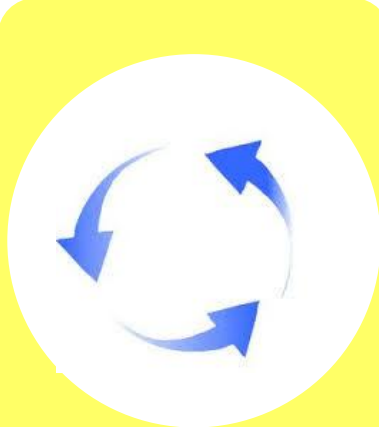
# The North Carolina Symphony has reached a 26:74 public private partnership

Definition	Title	Role
Governing Body	Board of Trustees	Oversees state appropriations, establishes policies and strategic plans, raises private funds, creates and manages budgets
Partnership	DCR	Leadership; state covers 26% of total operating budget; 8 state positions; collaborates with NC Dept. of Commerce and NC Dept. of Public Instruction; most comprehensive statewide education program of any U.S. orchestra
Support Group	North Carolina Symphony Society, Inc.	Leadership; Fund Raising and all Earned Income to cover 74% of total budget; Educational and concert programming; Advocacy; 95 FTEs
Additional Team	North Carolina Symphony Foundation	Fund Raising; Collaboration with North Carolina Symphony Society, Inc. Board of Trustees

# DCR recognizes specific challenges within the PPP for future success but is committed to applying lessons learned for growth



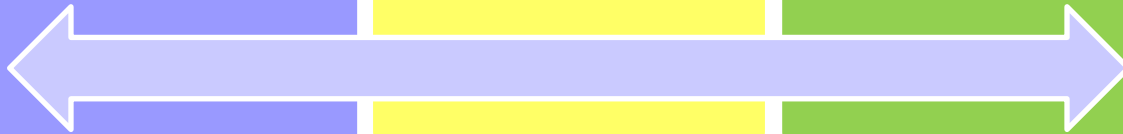
Leadership



Lifecycle



Latitude



## **Things to Accomplish**

- Be interactive, innovative and inspirational
- Attract new audiences
- Attract new partners/sponsors
- Build more earned income opportunities
- Entertain and Educate all participants



# North Carolina Museum of Art (NCMA) is a successful example of a PPP that has evolved overtime

north  
carolina  
museum  
of art





# North Carolina Museum of Art (NCMA) provides visual arts, music, theater and arts education in a natural landscape

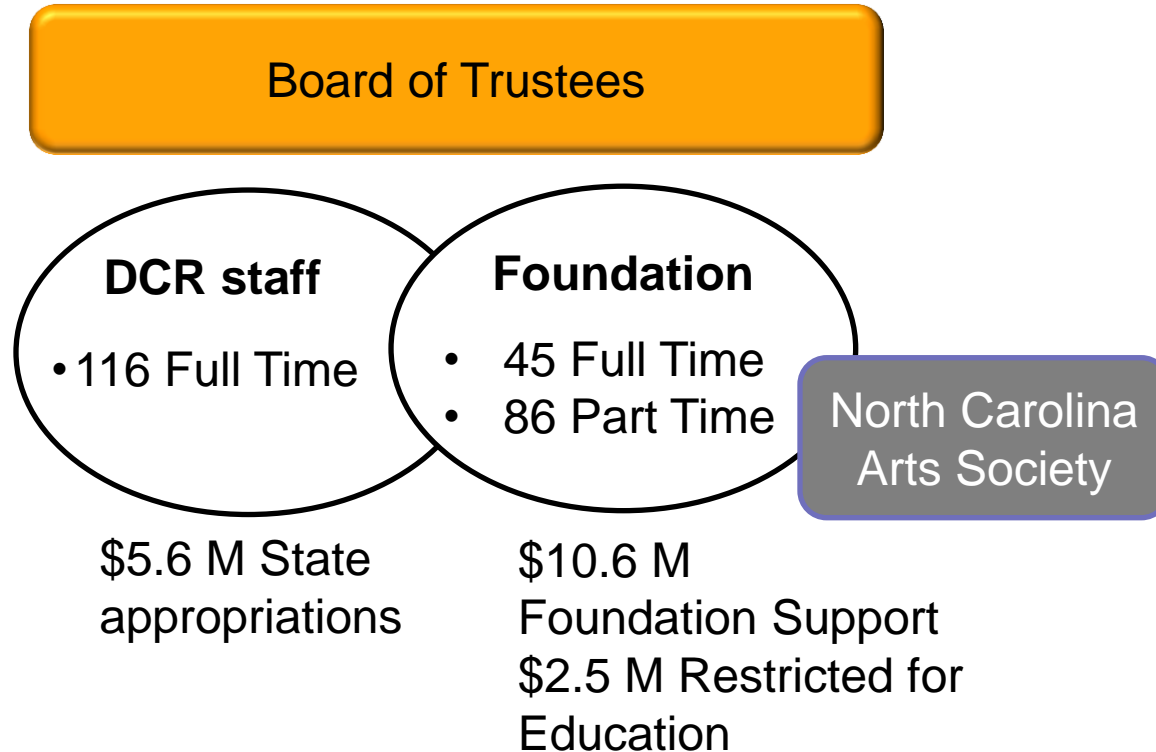
## North Carolina Museum of Art (NCMA)

Established in 1947, in accordance with G.S. 140-5.12, the mission of the North Carolina Museum of Art is “to acquire, preserve, and exhibit works of art for the education and enjoyment of the people of the state, and to conduct programs of education, research and publication designed to encourage an interest in and an appreciation for art on the part of the people of the state”.

- 2 locations: Raleigh and Winston-Salem
- 3 buildings and 186 acres (Foundation owns 34 acres)
- 116 employees with 592 volunteers
- 250,000 visitation



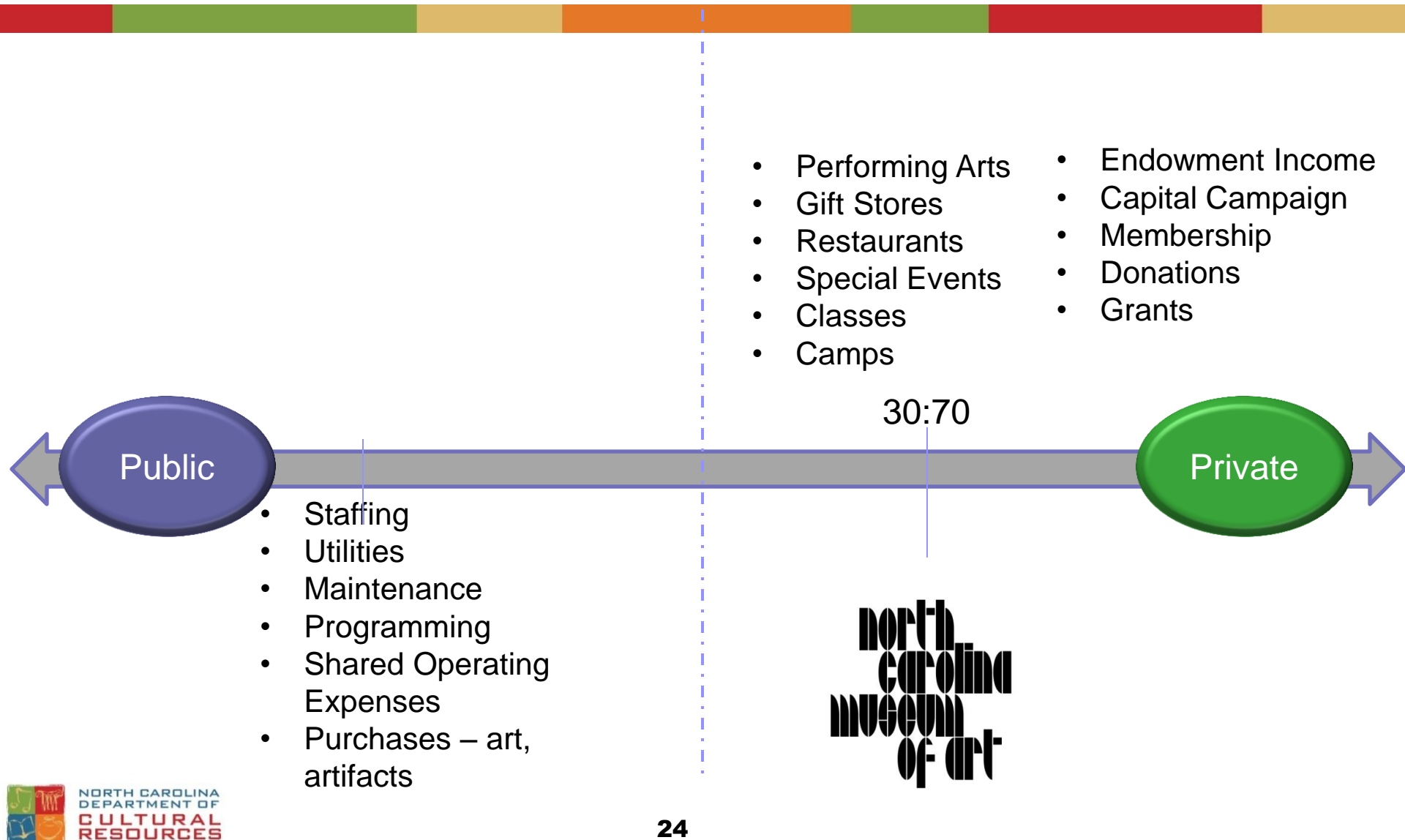
# The DCR staff works closely on a daily basis with the Foundation staff at NCMA with a Board of Trustees confirming decision making



# The NCMA has a unique infrastructure that has evolved over the years and is in a 30 public : 70 private model

Definition	Title	Role
Governing Body	Board of Trustees	Oversees state appropriations, establishes <b>policies</b> , facilities, art acquisitions, loans and DE accessions
Partnership	DCR DOA	<b>Leadership</b> ; Owns property and most of the art; Staffing; 1/3 of operational costs including 106 FTEs at facility
Support Group	Museum of Art Foundation	<b>Leadership</b> ; Fund Raising and all <b>Earned Income</b> ; Educational programming and Special Exhibits; 45 FTEs
Additional Team	North Carolina Art Society	<b>Advocacy</b> – sub group of Foundation Communications and Marketing across the state by legislatively aligned regions; Organize NCMA involvement at local level for lectures etc.

# The Foundation plays a significant role in supporting NCMA through earned income and traditional fund raising efforts



# The North Carolina Museum of Art (NCMA) continues to grow and change as it applies years of lessons learned to achieve success



## Leadership

- Strong established institutional leader
- Unified Vision and Mission
- Collaborative Culture
- Defined Roles and Responsibilities
- MOA
- Strong Foundation leadership / support



## Life Cycle

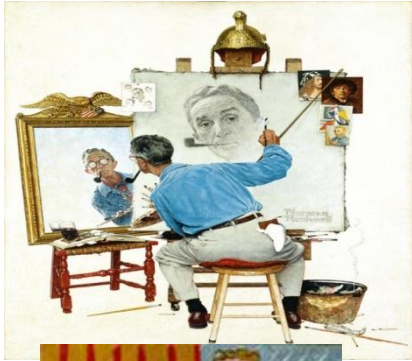
- 1947
- Evolved overtime
- Continual changes in support groups
- Managing institutional knowledge but engages new participants and partnerships



## Latitude

- Board leadership in touch with economic factors
- Active with Earned income opportunities
- Continual changes but creating consistency
- Innovative response to market

# NCMA strives for international recognition while attracting tourism, educating participants and offering innovative programming



- **ECONOMIC DEV'T: Tourism – Monet, Rembrandt, Porsche by Design – 2013** record setting attendance attracting an international audience
- **EFFICIENCY:** NCMA Foundation funds all education, exhibition, and film programming and employs additional staff to augment state staffing for programming
- **EDUCATION:** ArtNC, the Museum **education website** designed for the North Carolina Public school system, won a **Best** of the Web Award at the 2013 Museums and Web conference
- **EXERCISE:** Expanded Museum Park by opening up 1 MILE multi-use trail, the **Blue Loop with support of BCBSNC**



# Thank you – DCR appreciates the support of the Legislature

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